

The sector indicators are compiled quarterly from a detailed and exhaustive study prepared by experts in the Knight Frank Madrid office and are based on real data and market trends.

Retail Snapshot

Q2 2020

RETAIL NEW OPENINGS

City	Brand	Address	Area (sq m)
MADRID	DRUNI	Velázquez 34	900 sq m
	LA CHINA HAILILAO	Gran Vía 52	620 sq m
	FRESHLY COSMETICS	Fuencarral 46	130 sq m
BARCELONA	GAP	Arcs 10	600 sq m
	ORANGE	Paseo de Gracia 6	400 sq m
	BEY NENS	Vila de Gracia	300 sq m

Situation in Spain

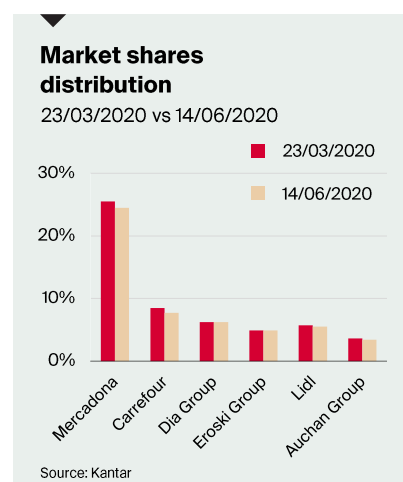
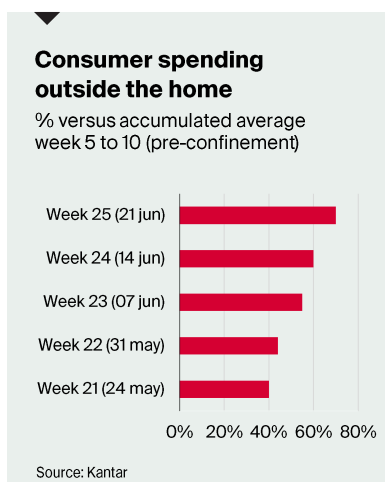
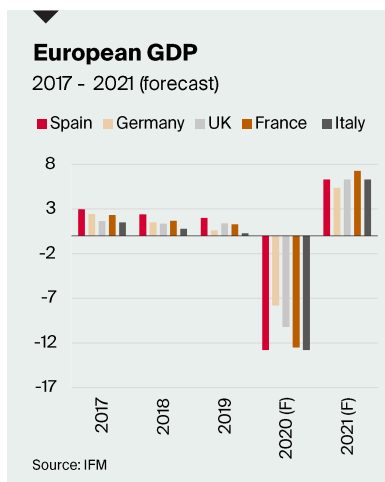
COVID-19 has again modified the forecasts for the Spanish economy, the IMF currently forecasts a sharp GDP dip in 2020 of -12.8% but returning quickly to growth in 2021 with an estimated of 6.3%.

During the first weeks of confinement, purchases spending fell by 83%, however in the last week the recovery has been even better than expected, registering around 70%.

Mercadona and Carrefour have lost market share since the state of alarm began, whereas regional supermarkets chains have benefitted.

On the high street a number of leasing deals have closed despite the challenging market conditions, particularly on prime streets in large cities.

Although the footfall in shopping malls has fallen by 25–30% over the previous year, a recovery has been observed that is expected to be progressive, helped by the recent re-opening of the leisure sector. In the case of retail parks, the registered footfall reflects an even more positive trend, with footfall in June exceeding that of the previous year.



Retail investment in Spain

The investment volume during the first semester of the year exceeded € 970 million, 75% more than the same period from the previous year, where shopping centres have represented almost 70% of investment. Although the volume registered in the second quarter has barely exceeded 200 million euros due to the lock down of the country, supermarkets have demonstrated their strength and have maintained their attractiveness to investors, having become the largest subsector and followed down the high street.

We live in a situation in which consumer behaviours are changing, and shopping centres are taking shape as social meeting places. For their part, retail parks and outlets have resumed their activity with very good prospects given their characteristics, something that investors will undoubtedly take into account in the coming months.



TOP 3 DEALS

VARIOUS

ORANGE PORTFOLIO
VENDOR: MERCADONA
PURCHASER: LCN CAPITAL
€180 M n.d €/sq m

Source: Distribuciónactualidad

MADRID

2 HIGH STREET UNITS
VENDOR: CORPFIN CAPITAL
PURCHASER: SWISS LIFE
€14,6 M 15,400 €/sq m

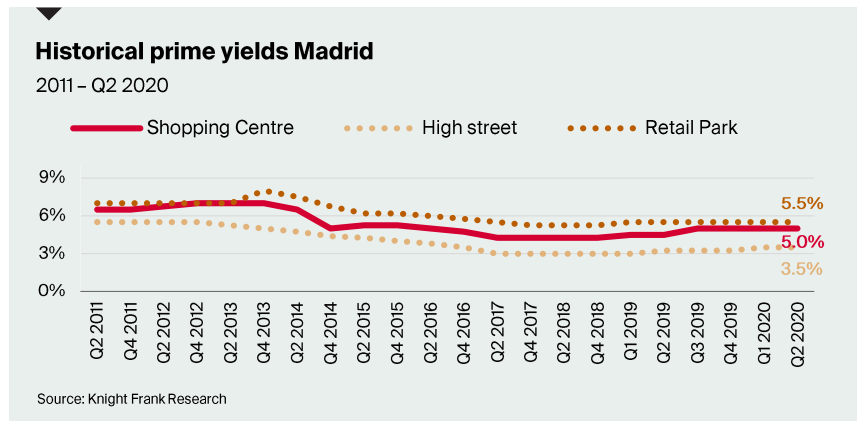
Source: Brainsrenews

MADRID

MAHOU CALDERÓN AREA
VENDOR: IBOSA
PURCHASER: MAHOU
€n/a M

Source: ElEconomista

Supermarkets plays a leading role in the quarter, LCN invests €180 million in the purchase of 27 Mercadona stores under the sale & leaseback formula and Mahou acquires a 3,300 sq m high street unit in the new Mahou-Calderón, where Carrefour will open one of its most representative stores.



EUROPEAN PRIME YIELDS

LATEST AVAILABLE DATA Q1 2020

	SHOPPING CENTRE	RETAIL PARK	HIGH STREET
BRUSSELS	= 4.25	↑ 6.00	= 3.75
LONDON	n.a	n.a	↑ 3.25
BERLIN	↑ 4.00	↑ 5.00	↑ 3.50
PARIS	n.a	↑ n.a	↓ 2.75
DUBLIN	= 4.50	↑ 5.25	= 3.75

Source: Knight Frank Research

COVID-19: Across Europe and beyond, market activity is being impacted in all sectors due to the Novel Coronavirus (COVID-19) outbreak. As at the date of this report, we consider that we can attach less weight to previous market evidence for comparison purposes, in providing our opinions on the market. Given the unknown future impact that COVID-19 might have on the real estate market and limited recent comparable, this report is meant to provide market insights as we see them at this time but we wish to highlight the material uncertainty which we may cause swift changes in the market. Please get in touch with our teams if you would like to discuss in further detail or receive an update regarding market conditions.

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